

raised to 6½ per cent, but the bond rate under the act as of May 1 was 4 per cent; the rate to be taken into account.

It seems to me that when the original rate for loans under the National Housing Act was set about a year or more ago, it was set in relation to long-term Government bonds, and I understand that the prices and the yields on those bonds have fallen in late months rather appreciably. I would like to put this question to the Leader of the Government (Hon. Mr. Aseltine): Has the formula under which the interest rate has been set for these loans changed in any material way? Six per cent does seem to be a rather high rate, because the cost of money is falling, and generally long term Government bond rates and yields are falling. I do not ask the honourable leader to try to get the information tonight, but perhaps he could have it at our next sitting.

Hon. Calvert C. Pratt: Honourable senators, just to assist in clarifying one or two points, I have been looking through the books that were referred to a moment ago by the honourable senator from Ottawa West (Hon. Mr. Connolly) sent to us by Central Mortgage and Housing Corporation. A question was asked concerning the relative costs of construction. On page 40 in the booklet *Canadian Housing Statistics* it is shown that in 1954—I take that year as an example—the average construction cost per square foot of single family dwellings financed under the National Housing Act was \$9.61; and that cost figure rose to \$10.48 per square foot in 1957, an increase of about 9 per cent. Comparing the figures for 1955 and those for 1957, we see the increase shown in that interval is about 7 per cent.

A point was raised by my honourable friend from New Westminster (Hon. Mr. Reid) with reference to the interest rate being charged by the corporation on loans. I notice in the annual report for 1957 the corporation shows interest earned under the housing acts to a total of \$16,674,426, which left a net income transferred to reserve account—after paying all expenses, deduction for interest on borrowings and so forth—of \$1,017,512. That figure is arrived at after a deduction for estimated income tax of \$970,000. I just do not know why a corporation, acting in a capacity such as this, being a public body, is obliged to take into its costs, and therefore provide in its interest charges, an amount for income tax. It may be because of a desire not to discourage other interests engaged in this business, and if so, that may be a very proper reason. But anyhow, there is not a very great opportunity for this corporation to reduce its interest rates based on the experience of the last two years.

I would just like to say that I have a very great appreciation of the work done by Central Mortgage and Housing Corporation. I know it does not always function in every way as everyone of us would wish, but that is of course understandable—it cannot please everybody, it cannot meet every contingency. But on the whole I think it is very well handled, as far as one can see. I do hope, though, that in the province of Newfoundland its operations will become more extended. I think that is also the hope of residents of other provinces, the smaller provinces particularly.

In Newfoundland the greater part of the corporation's activity is in St. John's and the St. John's area. There is a very great need for more assistance of that nature for the lower income people located around the island. I know there is difficulty about making loans in very remote places, but there are numerous places I am sure where these facilities could be granted. I hope it won't be long before they will be extended so they will be of greater general benefit to our people than at present.

Hon. Norman P. Lambert: Honourable senators, reference has been made already to the two reports of Central Mortgage and Housing Corporation which have come to us today in the mail, and I naturally wonder if it is the intention of my honourable friend the Leader of the Government (Hon. Mr. Aseltine) to table these reports, in keeping with the requirement of the Central Mortgage and Housing Corporation Act that the annual report and accounts be tabled within fourteen days of their receipt by the minister. That being the requirement, would it not be in order to suggest that this whole question be referred to the appropriate standing committee of this house to inquire further into the corporation's financial statements and the need for additional housing under the supervision, at least, or the guarantee, of the corporation? The annual report shows on its balance sheet assets of \$733 million, with a corresponding amount on the liability side.

From year to year since 1945 additional undertakings have been made by Central Mortgage and Housing Corporation and carried through to meet the demands of the times. One has often wondered just what the financial position is with respect to the mortgages and how many of them are beginning to get to the point where they should be paid off, or what the liability is in connection with them.

Hon. Mr. Aseltine: I have that information.

Hon. Mr. Lambert: I am glad to hear that, because I think that it is an important aspect of this whole business. If these documents